

Message Text

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C O N F I D E N T I A L RABAT 0580

SECDEF FOR ISA/DSAA

E.O. 11652: GDS

TAGS: MASS

SUBJECT: FY 1977 MILITARY SECURITY ASSISTANCE

REF: STATE 017013 PARA 7

1. FOLLOWING IS EMBASSY'S RESPONSE TO PARAGRAPH 7 REFTTEL.

2. BACKGROUND: FOLLOWING UNSUCCESSFUL COUP ATTEMPTS EMANATING FROM THE ARMED FORCES IN 1971 AND 1972, THE KING DELIBERATELY WEAKENED THESE FORCES TO REDUCE POSSIBILITY OF A THIRD ATTEMPT AGAINST THRONE FROM THIS SOURCE. HE DID SO BY REMOVING EXPERIENCED LEADERSHIP AND FRAGMENTING THE ARMED FORCES INTO COMPARTMENTALIZED SMALL UNITS AND ESTABLISHED A SYSTEM OF CROSS CHECKS TO CONTROL THE ACTIONS OF HIS MILITARY. HE TOOK OVER PERSONALLY COMMAND OF THE ARMED FORCES AND HAS BEEN MAKING VIRTUALLY ALL MILITARY DECISIONS HIMSELF. ROUTINE MILITARY OPERATIONS WERE CHARGED TO SENIOR FIELD GRADE OFFICERS WHO HAD MUCH RESPONSIBILITY BUT VERY LITTLE AUTHORITY. KING SENT TROOPS TO FIGHT IN THE 1973 MIDDLE EAST WAR AND WHEN IT WAS OVER UNITS RETURNED BUT LEFT MUCH OF THEIR HEAVY EQUIPMENT IN SYRIA AND EGYPT. THIS OVERALL SITUATION RESULTED, IN THE 1973-74 TIMEFRAME, IN MOROCCO
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HAVING POORLY EQUIPPED AND DEMORALIZED ARMED FORCES. KING RECOGNIZED THAT ALTHOUGH MILITARY POSED A POTENTIAL THREAT TO THE REGIME, THIS WAS ALSO HIS MAJOR SOURCE OF POWER FOR STAYING ON THE THRONE. THIS RECOGNITION, COUPLED WITH DESTABILIZING INFLUENCE OF A MORE MODERN AND BETTER EQUIPPED ALGERIAN MILITARY FORCES, INFLUENCED KING TO INITIATE A PROGRAM TO MODERNIZE/REEQUIP MOROCCAN MILITARY FORCES. BASED UPON THE RESULTS OF A MOROCCAN STUDY, REVIEWED BY A U.S. SURVEY TEAM, PLANS WERE MADE FOR THIS MODERNIZATION WHICH INCLUDED ACQUISITION OF U.S. BUILT MATERIEL TO EQUIP TWO MECHANIZED BRIGADES, ESTABLISH A RADAR DEFENSE SYSTEM AND EQUIP A SECOND SQUADRON WITH F-5 AIRCRAFT. THE PROGRAM WAS INITIATED WITHIN THE ARMY FIRST IN 1974, WHEN TANKS, ANTI-TANKS WEAPONS, VEHICLES, ANTI-AIRCRAFT WEAPONS SYSTEMS AND OTHER SUPPORTING EQUIPMENT WERE ORDERED. SOME OF THIS EQUIPMENT IS BEING PURCHASED UNDER FMS WHILE MUCH OF IT (PRIMARILY VEHICLES) IS PURCHASED THROUGH DIRECT COMMERCIAL SALES. A SMALL AMOUNT OF THIS EQUIPMENT WAS DELIVERED IN LATE 1974 WITH THE REMAINDER SCHEDULED FOR DELIVERY THROUGH 1979. IN CY 1975, WITH THE ARMY PROGRAM WELL UNDERWAY, MODERNIZATION OF THE AIR FORCE WAS BEGUN. PLANS INCLUDED ACQUISITION OF A RADAR DEFENSE SURVEILLANCE SYSTEM, A SECOND SQUADRON OF F-5E/F DEFENSE INTERCEPTORS, T-34C TURBO-PROP TRAINING AIRCRAFT (TO REPLACE TH OLD T-6S), ADDITIONAL C-130H TRANSPORTS (TO REPLACE THE UNSUPPORTABLE C-119S), A SQUADRON OF T-2 JET TRAINERS (TO REPLACE THE OLD MAGISTERS), COBRA HELICOPTERS (TOW EQUIPPED), APPROACH CONTROL FACILITIES AND OTHER ITEMS OF SUPPORT EQUIPMENT. THE AIR FORCE PROGRAM HAS BEEN SLOW IN GETTING STARTED BECAUSE OF LACK OF APPROVAL ON MOROCCAN REQUESTS FOR LETTERS OF OFFER. THE PROGRAM IS PROCEEDING WELL IN THE COMMERCIAL SECTOR, HOWEVER, WITH CONTRACTS BEING NEGOTIATED FOR T-34S, C-130HS, A GRUMMAN COMMAND POST AIRCRAFT AND SEVERAL OTHER LESSER ITEMS OF EQUIPMENT.

3. ASSESSMENT OF THE NEED FOR THE FY 1977 PROGRAM: AS FOREGOING INDICATES, THE FY 77 PROGRAM IS A CONTINUATION OF THE OVERALL PROGRAM FOR MODERNIZATION OF MOROCCAN ARMED FORCES INITIATED IN 1973. MUCH OF THE EQUIPMENT BEING REPLACED IS RAPIDLY BECOMING UNSUPPORTABLE AND REPLACEMENT WILL PROVIDE FOR LONG TERM COST EFFECTIVENESS. THE PROGRAM WILL ALSO CONTINUE TO IMPROVE THE CONFIDENTIAL

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MILITARY BALANCE BETWEEN WEAKER MOROCCAN ARMED FORCES AND PREPONDERANT ALGERIAN FORCES. THIS SHOULD INCREASE STABILITY IN THE AREA AND HOPEFULLY LESSEN THE CHANCES OF WAR BEING STARTED BY ALGERIA.

4. EFFECTIVENESS OF AND INTERRELATIONSHIP BETWEEN THE VARIOUS ELEMENTS OF U.S. MILITARY ASSISTANCE PLANNED FOR FY 77. AS INDICATED IN PARA 3, THE PLANS FOR FY 77 ARE BUT A CONTINUATION OF

THE OVERALL LONG RANGE PLANS FOR THE MODERNIZATION OF THE MOROCCAN ARMED FORCES. MOROCCAN APPROACH TO THIS MODERNIZATION IS EFFECTIVE AND SHOWS A SENSIBLE BALANCE. ARMY MODERNIZATION WILL BE NEARLY COMPLETED BY THE END OF FY 77. AIR FORCE MODERNIZATION WILL BE WELL ALONG WITH ITS END IN SIGHT. MODERNIZATION IN THE NAVY BEGAN IN 1975 WITH THE ARRIVAL OF THE FIRST TWO OF SIX FRENCH-BUILT PATROL BOATS AND THE SIGNING OF A CONTRACT FOR SIX SOVIET OSA II'S. THREE FRENCH BATRAL CLASS LANDING SHIPS HAVE ALSO BEEN ORDERED. DELIVERY OF THESE OUTSTANDING UNITS IS EXPECTED IN CY 1976-77. OVERALL, IT CAN BE SEEN THAT GOM IS NOT PLANNING FOR GRANDIOSE ARMED FORCES, BUT IS MODERNIZING MODEST FORCES THAT WILL BE ADEQUATE FOR ITS NEEDS. MOROCCAN TIME PHASING AVOIDS ANY UNREALISTIC ATTEMPT AT INSTANT REARMAMENT AND SHOWS SENSITIVITY TO THE OVERALL BUDGET. FMS CREDIT HAS BEEN AND WILL CONTINUE TO BE A VITAL INGREDIENT IN THIS PROCESS.

5. ECONOMIC ASPECTS. ONE CLEAR IMPLICATION OF PRESENT SQUEEZE ON MOROCCAN ECONOMY AND DEVELOPMENT EFFORT IS A SHARPLY INCREASED DEPENDENCE IN 1976 ON INJECTIONS OF EXTERNAL FINANCING. FOR EXAMPLE, GOM 1976 BUDGET CALLS FOR EXTERNAL FINANCING AMOUNTING TO \$1.4 BILLION, OR ABOUT DOUBLE THE 1975 LEVEL, IN ORDER TO REACH NATIONAL DEVELOPMENT PLAN GOALS OF REAL GNP GROWTH OF ABOUT 7 PCT (1975 LEVEL WAS LESS THAN 3 PCT).

6. IN THIS SETTING, IT CLEAR WHY GOM IS LOOKING TO NON-TRADITIONAL SOURCES OF FOREIGN FINANCING TO MEET ITS FUNDING GAP. IT IS COUNTING ON OUTSIDE, PRINCIPALLY ARAB, SOURCES FOR \$200-400 MILLION IN 1976 ECONOMIC ASSISTANCE; IT IS DRAWING DOWN ITS "GOLD" IMF TRANCHE OF SDR \$34 MILLION; AND IS PLANNING ON EURO-MARKET BORROWING OF \$400-500 MILLION, ALONG LINES ITS UNPRECEDENTED \$200 MILLION BORROWING ON THIS MARKET IN 1975. IF IT ACHIEVES THESE GOALS, WHICH IS A LONG SHOT, AND IF TRADITIONAL DONORS (WORLD BANK, FRANCE, USG, W. GERMANY, ETC.) INCREASE SOMEWHAT THEIR

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NORMAL LENDING LEVELS, GOM WOULD BE WITHIN REACH OF MEETING ITS PROJECTED 1976 EXTERNAL FINANCING NEEDS FOR ECONOMIC DEVELOPMENT PROGRAMS. THE WORLD BANK PRESUMABLY WILL BE ABLE LEND AT LEAST \$50 MILLION FOR VARIETY OF PROJECTS UNDER CONSIDERATION, PARTICULARLY DAM OCNSTRUCTION AT SIDI CHEHO. FRENCH RECENTLY HAVE CONFIRMED THEIR INTENTIONS MAINTAIN TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM WELL IN EXCESS OF \$50 MILLION AVERAGE OF RECENT YEARS. NEW MOROCCO-EEC AGREEMENT ASSURES NEW EXTERNAL SOURCE OF MEDIUM AND LONG-TERM LENDING, WHICH SHOULD AVERAGE BBOUT \$30 MILLION ANNUALLY. USG IN CY 1976 LIKELY INCREASE ITS ECONOMIC ASSISTANCE LEVELS (AID AND PL-480) FROM ABOUT \$20 MILLION IN CY 1975 TO PERHAPS \$40 MILLION IN CY 1976 (ASSUMING TITLE I AGREEMENT OF ABOUT \$15 MILLION AND \$13 MILLION AID LOAN FOR DOUKKALA IRRIGATION PROJECT) PLUS \$30 MILLION THREE-YEAR CCC CREDIT. HOWEVER, THIS PROSPECTIVE 1976

INCREASE IN THE LEVEL OF USG ECONOMIC ASSISTANCE IS EXPECTED TO
DECLINE IN FUTURE YEARS GIVEN MOROCCO'S PROMISING NEAR AND LONG-
TERM ECONOMIC PROSPECTS AND AN INCREASINGLY CLOSER
ALIGNMENT OF AID/MOROCCO PROGRAM WITH NEW AGENCY DIRECTIONS.
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